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TAGS: [ECON](#) [PGOV](#) [ZI](#)

SUBJECT: EX-FINANCE CHIEF MAKONI'S DIM VIEW OF ECONOMY

Classified By: Economic section chief William Weissman.  
Reason: 1.5b/d.

1. (C) Summary: Ex-Finance Minister Simba Makoni fears thousands of Zimbabweans will soon suffer worsening effects of malnutrition due to lack of food and adequate transport logistics. He feels that Zimbabwe would have to undergo change "from within or from outside" to get its economy back on track. However, he believes President Mugabe feels too threatened by opposition Movement for Democratic Change (MDC) inroads to compromise on key issues, and cabinet ministers are too cowed by the President to challenge official dogma. End Summary.

A lonely voice of dissent

2. (C) During his 2-year tenure as Finance Minister ending in August, Makoni was a rare GoZ higher-up calling for an end to disastrous economic policies, such as the official exchange rate, overspending, price controls and costly military intervention in the Democratic Republic of Congo. Thus many in Zimbabwe's business and donor communities saw Makoni as the last hope for a return to economic normalcy. In a meeting with Ambassador Sullivan and econoff, he reiterated support for rationalizing monetary and fiscal policies, but cautioned that these actions would exacerbate suffering in the short-run. However, he believed the GoZ could level with its population, explaining that this was the only way to avert an inevitable economic meltdown. While still in office in June, he projected that the country would need 24-36 months to regain 1997 levels; he now thinks that theoretical recovery period is even more elusive.

3. (C) In cabinet meetings, Makoni was often a lone detractor from President Mugabe's line. He found this especially disheartening because he knew 16 of 20 participants sided with him, and many egged him on during breaks. Makoni said ministers advocate policy that they believe Mugabe wants rather than what works. "It all depends upon what the old man says," he said. The President would be more amenable to compromise if the opposition MDC presented a less apparent threat, a fact he characterized as regrettable. In the end, Makoni feels Zimbabwe will probably only reverse course under a new government. Makoni also believed the economic crisis could only be resolved when the country's political crisis was addressed.

A pessimistic view of food, HIV, land redistribution

4. (C) Makoni offered his take on additional crises:

- Food. He recalled being rebuked in the cabinet for forecasting shortages and seeking international assistance. He considers the National Railway of Zimbabwe (NRZ) unsuited to move large quantities of food. At one point, he rejected NRZ requests for US\$ 22 million in imported parts and about US\$ 50 million in rolling stock because he considered the railway management inept. He worries that thousands of Zimbabweans might die of malnutrition in the coming months.

- HIV/AIDS. Makoni speculated that each extended Zimbabwean family is touched by an AIDS death each week, and he recounted that 6 workers on his own farm have died of AIDS.

- Land Redistribution. He suggested sardonically that Zimbabwe has "progressed" from a country where a few whites own the land to a country where a few blacks control it, with the peasant masses remaining poor and landless.

Comment

5. (C) Makoni's unsuccessful tenure as Finance Minister demonstrates that the Mugabe government allows little space for dissent. Encircled by zealots and yes-men, Mugabe shows no sign of moving toward conventional macroeconomic policies. Gaps are meanwhile widening between revenue and expenditure, street and controlled prices, and parallel and official exchange rates - signs that the needed medicine Makoni prescribed will taste even more bitter when the GoZ one day reconciles these contradictions and rejoins the rational world.

SULLIVAN